

RULE NO.: 2015-001

NOTICE OF RULE ADOPTION

ADOPTION DATE: December 30, 2015

By: Rondella Hawkins, Officer
Telecommunications & Regulatory Affairs

The Officer of Telecommunications & Regulatory Affairs has adopted the following rule. Notice of the proposed rule was posted on October 5, 2015. Public comment on the proposed rule was solicited in the October 5, 2015 notice. This notice is issued under Chapter 1-2 of the City Code. The adoption of a rule may be appealed to the City Manager in accordance with Section 1-2-10 of the City Code as explained below.

EFFECTIVE DATE OF ADOPTED RULE

A rule adopted by this notice is effective on December 30, 2015.

TEXT OF ADOPTED RULE

Copies of reports required under City Code Section 4-12-20(C) of Ordinance No. 20110818-075, shall be submitted to the City of Austin (City) in a format prescribed by the City. All submissions, revisions, and updates of the Texas Office of Consumer Credit Commissioner (OCCC) quarterly and annual reports submitted to the OCCC must also be submitted to the City within five (5) business days of the same being submitted to the OCCC. The credit access business must submit reports to the City in accordance with the same schedule as is established by the OCCC.

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The adopted rule contains no changes from the proposed rule. A copy of the complete text of the adopted rule is available for public inspection and copying at the following locations. Copies may be purchased at the locations at a cost of ten cents per page:

Office of Telecommunications & Regulatory Affairs, located at 124 W. 8th Street, Austin, Texas Suite 210 and

Office of the City Clerk, City Hall, located at 301 West 2nd Street, Austin, Texas.

SUMMARY OF COMMENTS

Written comments were received from Southwestern & Pacific:

- Southwestern & Pacific (Axxcess Financial) does not support the proposed administrative rule. The respondent asserts CABs are exempt from government disclosures; asserts report information is a trade secret and not subject to disclosure under the Texas Public Information Act. The respondent asserts that annual and quarterly reports are proprietary and confidential and that the City of Austin does not have authority to obtain or review data or agreements between credit access business and the third party lender. *The City does not agree with the respondent's assertions: neither state nor administrative laws preempt the City from requiring and obtaining reports directly from the Credit Access Business; the reports must be obtained directly from the CAB and provided by the CAB to the City. The reports obtained by the City are secured and considered as confidential and privileged.*
- Raise Texas and AppleSeed submitted joint comments, in support of the administrative rule.

AUTHORITY FOR ADOPTION OF RULE

The authority and procedure for adoption of a rule to assist in the implementation, administration, or enforcement of a provision of the City Code is provided in Chapter 1-2 of the City Code. The authority to regulate Credit Access Business is established in Section 4-12 of the City Code.

APPEAL OF ADOPTED RULE TO CITY MANAGER

A person may appeal the adoption of a rule to the City Manager. **AN APPEAL MUST BE FILED WITH THE CITY CLERK NOT LATER THAN THE 30TH DAY AFTER THE DATE THIS NOTICE OF RULE ADOPTION IS POSTED. THE POSTING DATE IS NOTED ON THE FIRST PAGE OF THIS NOTICE.** If the

30th day is a Saturday, Sunday, or official city holiday, an appeal may be filed on the next day which is not a Saturday, Sunday, or official city holiday.

An adopted rule may be appealed by filing a written statement with the City Clerk. A person who appeals a rule must (1) provide the person's name, mailing address, and telephone number; (2) identify the rule being appealed; and (3) include a statement of specific reasons why the rule should be modified or withdrawn.

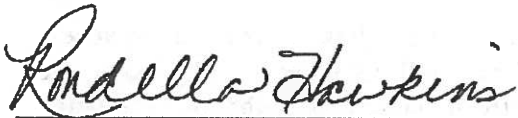
Notice that an appeal was filed and will be posted by the city clerk. A copy of the appeal will be provided to the City Council. An adopted rule will not be enforced pending the City Manager's decision. The City Manager may affirm, modify, or withdraw an adopted rule. If the City Manager does not act on an appeal on or before the 60th day after the date the notice of rule adoption is posted, the rule is withdrawn. Notice of the City Manager's decision on an appeal will be posted by the city clerk and provided to the City Council.

On or before the 16th day after the city clerk posts notice of the City Manager's decision, the City Manager may reconsider the decision on an appeal. Not later than the 31st day after giving written notice of intent to reconsider, the City Manager shall make a decision.

CERTIFICATION BY CITY ATTORNEY

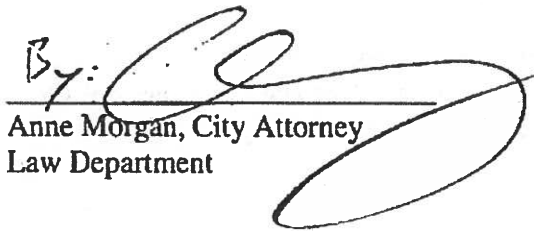
By signing this Notice of Rule Adoption 2015-001 the City Attorney certifies that the City Attorney has reviewed the rule and finds that adoption of the rule is a valid exercise of the Officer's administrative authority.

REVIEWED AND APPROVED



Rondella Hawkins, Officer
Telecommunications & Regulatory Affairs

Date: 12/29/15

By: 

Anne Morgan, City Attorney
Law Department

Date: 12/29/15

NOTICE OF RULE ADOPTION

ADOPTION DATE: December 30, 2015

By: Rondella Hawkins, Officer
Telecommunications & Regulatory Affairs

The Officer of Telecommunications & Regulatory Affairs has adopted the following rule. Notice of the proposed rule was posted on October 5, 2015. Public comment on the proposed rule was solicited in the October 5, 2015 notice. This notice is issued under Chapter 1-2 of the City Code. The adoption of a rule may be appealed to the City Manager in accordance with Section 1-2-10 of the City Code as explained below.

EFFECTIVE DATE OF ADOPTED RULE

A rule adopted by this notice is effective on December 30, 2015.

TEXT OF ADOPTED RULE

A credit access business must verify income eligibility of borrowers based on current income documents. The term "current income documents" means written documentation that reflects and proves an applicant's earnings or source of income within the 12 months preceding the date of loan application. The credit access business must conduct income verification and obtain proof of income not more than 12 months prior to the loan date. The term of a borrower's employment does not impact this administrative provision: the provision requires verification of income not less than 12 months prior to the loan date. Documents cited in Section 4-12-12 (C) of the ordinance are acceptable documents. Documents offered by an employer as proof of employment in lieu of a pay stub or W-2, must be submitted on the employer's letterhead and have original signature.

A copy of the complete text of the adopted rule, the changes from the proposed rule, and an explanation of the changes is available for public inspection and copying at the following locations. Copies may be purchased at the locations at a cost of ten cents per page:

Office of Telecommunications & Regulatory Affairs, located at 124 W. 8th Street, Suite 210, Austin, Texas and

Office of the City Clerk, City Hall, located at 301 West 2nd Street, Austin, Texas.

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SUMMARY OF COMMENTS

Written comments were received from

- Southwestern & Pacific (Axxess Financial) requested clarification of the rule. The respondent does not indicate support for or against the rule.
- Raise Texas and AppleSeed submitted joint comments, in support of the administrative rule, on basis that the proposed administrative rule [better] ensures compliance by the credit access businesses. The respondents recommended changes to further clarify language income requirements. The City concurs with the recommendations.
- Advance America requested clarification concerning income verifications for vehicle title loans. The respondent does not offer support or objection to the proposed rule. The City concurs that clarification is needed. The administrative rule to be adopted by the City requires the credit access business conduct income verification and obtain proof of income not more than 12 months prior to the loan date. The rule does not require the CAB obtain proof of income for each income period (i.e. bi-weekly or monthly pay stubs for a 12 month period). In the case of vehicle title loans, the administrative rule requires the CAB conduct income verification and obtain proof of income not more than 12 months prior to the loan date; this provision does not require the CAB obtain proof of income for each income period (i.e. bi-weekly or monthly for a 12 month period). The CAB must obtain proof of income that proves and reflects borrower's income. The verification conducted by the CAB and the proof of income obtained by the CAB should reflect and should prove an applicant's earnings or source of income not more than 12 months prior to the date of loan.

AUTHORITY FOR ADOPTION OF RULE

The authority and procedure for adoption of a rule to assist in the implementation, administration, or enforcement of a provision of the City Code is provided in Chapter 1-2 of the City Code. The authority to regulate Credit Access Business is established in Section 4-12 of the City Code.

APPEAL OF ADOPTED RULE TO CITY MANAGER

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telephone number; (2) identify the rule being appealed; and (3) include a statement of specific reasons why the rule should be modified or withdrawn.

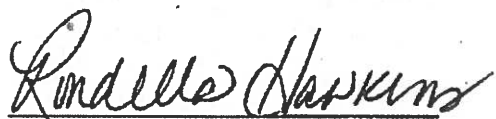
Notice that an appeal was filed and will be posted by the city clerk. A copy of the appeal will be provided to the City Council. An adopted rule will not be enforced pending the City Manager's decision. The City Manager may affirm, modify, or withdraw an adopted rule. If the City Manager does not act on an appeal on or before the 60th day after the date the notice of rule adoption is posted, the rule is withdrawn. Notice of the City Manager's decision on an appeal will be posted by the city clerk and provided to the City Council.

On or before the 16th day after the city clerk posts notice of the City Manager's decision, the City Manager may reconsider the decision on an appeal. Not later than the 31st day after giving written notice of intent to reconsider, the City Manager shall make a decision.

CERTIFICATION BY CITY ATTORNEY

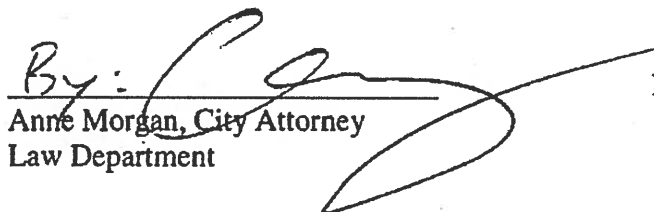
By signing this Notice of Rule Adoption 2015-002 the City Attorney certifies that the City Attorney has reviewed the rule and finds that adoption of the rule is a valid exercise of the Officer's administrative authority.

REVIEWED AND APPROVED



Rondella Hawkins, Officer
Telecommunications & Regulatory Affairs

Date: 12/29/15

By: 

Anne Morgan, City Attorney
Law Department

Date: 12/29/15

RULE NO.: 2015-003

NOTICE OF RULE ADOPTION

ADOPTION DATE: December 30, 2015

By: Rondella Hawkins, Officer
Telecommunications & Regulatory Affairs

The Officer of Telecommunications & Regulatory Affairs has adopted the following rule. Notice of the proposed rule was posted on October 5, 2015. Public comment on the proposed rule was solicited in the October 5, 2015 notice. This notice is issued under Chapter 1-2 of the City Code. The adoption of a rule may be appealed to the City Manager in accordance with Section 1-2-10 of the City Code as explained below.

EFFECTIVE DATE OF ADOPTED RULE

A rule adopted by this notice is effective on December 30, 2015.

TEXT OF ADOPTED RULE

Borrower's Rights Poster

- 1) All credit access businesses must post **Borrower's Rights** poster in a location that is conspicuous and accessible to the public. The poster must be:
 - a. Printed on poster at least 8 ½ X 14
 - b. Printed in Times New Roman font or a similar font with minimum font size of 14 points
 - c. The poster must be entitled:

**Borrower's Rights
For Payday Loans and Vehicle Title Loans**

- 2) The Borrower's Rights poster must provide the following language:
 - a. A borrower's income must be reviewed before a loan amount is determined.
 - b. The business must review proof of a borrower's income. The review of the borrower's income can be helpful in assisting the borrower to determine his ability to repay the loan.
 - c. **Total Cost of the Loan.** Borrowers have the right to ask about the total cost of the loan. Before borrower signs a loan the business must provide the borrower the total cost of loan.

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- i. **The total cost of the loan** includes the cash advanced (or the amount borrowed), plus interest, fees and other charges or costs that must be paid in full to pay off the loan. Knowing the total cost of the loan can be helpful in determining the borrower's ability to repay the loan.
- d. **Single Payment Loan.** When a loan, including the entire principal balance, interest and all lender and credit access business fees are scheduled to be paid in full in one (1) single payment, this is considered a single payment loan,
 - i. If the borrower cannot fully repay the loan with a single payment, the loan may be refinanced or renewed.
 - ii. The loan cannot be refinanced or renewed more than three (3) times. This means the borrower should have fully repaid the loan after the fourth payment (this including the first payment plus the refinances or renewals).
 - iii. With each payment the borrower must repay at least 25% of the total loan. The total loan is the amount borrowed, plus interest, fees and other charges or costs that must be paid in full to pay off the loan.
- e. **Loans Established for Multiple Payment or Installment.** A multiple payment loan includes more than one scheduled payment to the lender and credit access business before the loan is paid in full.
 - i. When the borrower signs the installment agreement a borrower should know the payment schedule and the amount of the loan due at each payment.
 - ii. With each payment the borrower must repay at least 25% of the total loan. The total loan is the amount borrowed, plus interest, fees and other charges or costs that must be paid in full to pay off the loan.
 - iii. Installment or multiple payment loans must be fully repaid with no more than a total of four (4) payments.
 - iv. When at least 25% of the total loan is repaid with each payment, the loan should be fully repaid after payment of the fourth and final payment.
 - v. An installment or multiple payment agreement may not be renewed or refinanced.

- f. Borrowers may contact the City of Austin to inquire about loan requirements or file a complaint, by calling 311.
- g. The lenders must provide the borrower with a current copy the City of Austin's financial education and assistance resource referral.

SUMMARY OF COMMENTS

- Raise Texas and AppleSeed submitted joint comments in support of the administrative rule and provided recommendations to clarify the language and terms. The City concurs with the recommendations.
- Advance America provided comments against City of Austin Administrative Rule 2015-003. Respondent does not support the rule and indicates its CSO fees are paid in installments and that the single payment as defined by the City is inconsistent with respondent's single payment product. The City does not agree with respondent's interpretation of the Code as it is inconsistent with the intent and the requirement of the Code. The clarifications as provided in the Borrower's Rights poster, including the specific requirement that installments loan be fully repaid within four (4) installments is consistent with the intent and meaning of the City Code.

AUTHORITY FOR ADOPTION OF RULE

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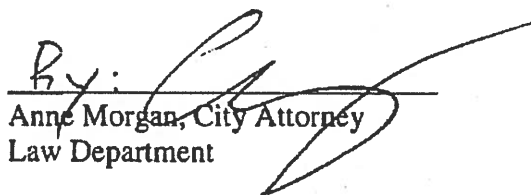
By signing this Notice of Rule Adoption 2015-003 the City Attorney certifies that the City Attorney has reviewed the rule and finds that adoption of the rule is a valid exercise of the Officer's administrative authority.

REVIEWED AND APPROVED



Rondella Hawkins, Officer
Telecommunications & Regulatory Affairs

Date: 12/29/15

By: 
Anne Morgan, City Attorney
Law Department

Date: 12/29/15

